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An overview of H.B. 5383

Sec. 1 This is the title of the Act—the electric cooperative member-regulation act.

Sec. 2 This section defines the terms used in the act, including “cooperative,” “electric utility,” and “member.”

Sec. 3 This is the purposes section and states that member-owned cooperatives are regulated by their members acting through a democratically elected board of directors. As such, certain functions, such as rates, service rules, accounting standards, and terms and conditions of service should be established by the board.

Sec. 4 This section explains the process by which a cooperative board would elect to become member-regulated. The board may only act on the proposition after notice and an open meeting where members have an opportunity to address the board. The vote is a roll call vote requiring 2/3 of the board to vote in support for the proposition to become effective.

Sec. 5 This section sets out a process by which the members of a cooperative that has elected to become member-regulated may overturn the election and return the cooperative to full regulation by the commission. Members may initiate such an election by petition signed by 5% or 750 members of the cooperative, whichever is less. The election is then to be conducted by mail ballot, internet voting, and in person, giving the greatest opportunity for participation by the membership of the cooperative.

Sec. 6 This section sets out the areas that shall be under the jurisdiction of the board of directors and those that will remain under the jurisdiction of the commission.

Sec. 7 This section establishes that rates and charges set by the board must be based on the cooperatives cost of providing service and shall be uniform within the classes of members served. The section establishes the process that a board must follow to adjust rates or amend its service rules. The process requires notice to the members and action at an open board meeting.

Sec. 8 This section requires notice to the members of any rate change or any change in billing rules before any change can become effective.

Sec. 9 This section establishes that the commission retains jurisdiction over service area disputes between a member regulated cooperative and an electric utility under the commission’s administrative rules. If a dispute over which utility has the right to provide service to a prospective customer, the section requires the commission to first determine which utility has the right to serve and if necessary, whether the cooperative, if selected to serve by the customer, has charged the appropriate rate for service. If the commission determines that the rate charged by the cooperative is inappropriate, the commission has the ability to order the cooperative to apply the appropriate rate and the customer has the option of taking service from the complaining utility.